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SUBJECT: CHAD SHOWS RENEWED INTEREST IN EXTRACTIVE
INDUSTRIES INITIATIVE

REF: NDJAMENA 484

11. (SBU) SUMMARY: Chadian officials, including the Minister of Oil, briefed donors on plans to implement the Extractive Industries Transparency Initiative (EITI) in two World Bank-hosted meetings July 26 and July 31, 2007. Chad had already expressed interest in joining EITI in 2004, but there has been little to no action. Due to the danger that Chad may be dropped from the list of EITI countries in September, Chad has shown renewed interest in implementing the initiative. A close advisor to President Deby attended the EITI conference of Central African countries in Libreville in June and reported back to Deby on the progress Chad's neighbors have shown in implementing the initiative. Perhaps not wanting to be outdone by his neighbors, President Deby gave a directive to the Ministry of Oil to implement EITI before August 31, 2007. Plans include convening a workshop in late August with the aim of creating a national stakeholders group of government, civil society and companies. As Chad's existing oil transparency mechanisms include only government and civil society, EITI would add the oil companies to the equation. While Esso (ExxonMobil-led consortium) officials are generally encouraged by Chad's renewed interest in EITI, citizens from the oil-producing areas are skeptical whether the latest government rhetoric will result in concrete action. END SUMMARY.

CHAD'S RENEWED INTEREST IN EITI

12. (SBU) This cable provides an update on information provided in reftel. On July 26, 2007, Ministry of Oil Chief of Services Al-Habbo Mahamat Saleh and Ministry of Plan official Nabia Kana briefed donors on the government's plans for implementing EITI. Representatives from the World Bank, IMF, French Embassy, European Union, African Development Bank and U.S. Embassy participated. Mr. Al-Habbo is the focal point in charge of EITI implementation. He attended a recent EITI meeting in Libreville, Gabon (June 25-26) of all the Economic and Monetary Community of Central Africa (CEMAC) member countries. According to a World Bank staff member, a close advisor to President Deby also attended the conference and reported back to Deby on the progress Chad's neighbors have shown in implementing the initiative. Perhaps not wanting to be outdone by his neighbors, President Deby gave a

directive to the Ministry of Oil to show concrete action on implementing EITI before August 31, 2007. Mr. Al-Habbo said Chad had been discussing EITI since 2004 and had participated in the EITI conference in London in 2005, but since then, full implementation had been 'in process.' He said Chad had now 'internalized' EITI and President Deby gave a clear directive to implement EITI.

13. (SBU) Mr. Al-Habbo said the government has formed an inter-ministerial committee for EITI, including the Presidency, the Prime Minister's office, Ministry of Plan, Ministry of Oil, Ministry of Finance, and the "College" (oil revenue management body). There is also a sub-committee to deal with technical aspects. For now only the oil sector will be involved but Mr. Al-Habbo expects the mining industry to be included in a later phase. The sub-committee is preparing a decree that will authorize the creation of an EITI national stakeholders' group, including government, civil society and oil companies. The sub-committee is also drafting a letter to the EITI secretariat in Oslo requesting membership in EITI. (Note: according to the Chadian government, the letter to EITI from Chad in 2004 was only a 'letter of interest' and not a formal request for membership).

STAKEHOLDERS' WORKSHOP PLANNED FOR LATE AUGUST

14. (SBU) The next step is to organize a national workshop with stakeholders August 24-25, 2007 to bring together representatives of the government, civil society and the oil companies. The workshop will provide a chance for the inter-ministerial group to present the EITI initiative and to

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create a national stakeholders' group to oversee EITI implementation. The World Bank is providing technical assistance to the Chadian government to implement EITI, including the organization of the workshop. The Bank is also arranging for delegations from Gabon and Mauritania to come to Chad and share their EITI experiences with the workshop participants. In a follow-up meeting July 31, the Minister of Oil met with donors and other government officials to discuss the agenda and format of the stakeholders workshop in August. He reiterated the importance of the initiative and asked for the support of donors and international organizations in carrying out President Deby's goal of joining EITI.

CIVIL SOCIETY SKEPTICAL

15. (SBU) In a separate meeting with representatives of a non-governmental organization (NGO) from the oil producing region, we asked their views of EITI. They said representatives of Chadian civil society attended the conference on EITI in Libreville (the same one government officials attended). As for whether the government's latest talk about EITI will result in concrete steps, they were skeptical. From their perspective, since the government showed interest in EITI in 2004, they have seen no results. They said Chadian civil society has a representative in the international transparency group, "Publish-what-you-Pay."

WHAT DO THE COMPANIES THINK OF EITI IN CHAD?

16. (SBU) Officials at Esso, the ExxonMobil-led oil consortium, have a generally optimistic view of EITI. They think implementing the initiative should be relatively easy for Chad since the Consortium is currently the main producer in Chad and thus, its payments of royalties and income tax to the government are automatically aggregated. (In other countries with multiple producers, companies have been

reticent to release payment information that would divulge confidential production sharing agreements; instead, they

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prefer to provide that information to a third-party aggregator). In addition, Esso staff note Chad already has transparency mechanisms in place. On a more cautionary note, U.S.-based ExxonMobil personnel are encouraged Chad is showing new interest in EITI, but given competing priorities for the government's attention, they wonder whether implementing EITI will make the first cut of issues to tackle. They believe EITI will require true action and not just agreement in principle.

WILL CHAD ACT ON ITS WORD?

17. (SBU) COMMENT: The jury is still out on whether Chad will follow through on its latest promises to implement EITI. It will be interesting to see if there is an opening of the political space in the upcoming stakeholders' workshop in terms of including a cross-section of civil society groups, and not just those who are allied with the regime. In some respects, Chad is ahead of other oil producing countries in that an oil revenue transparency mechanism, the Petroleum Revenue Oversight and Control Committee ("College" in French) was put in place from the beginning of production. EITI would be a welcome addition to the Chadian scene because it is complementary to oil revenue transparency programs already underway here. The "College," for example, does not include oil companies in its membership and so the EITI exercise of comparing government oil receipts with companies' stated payments, and making that information public, would be a useful addition here. Membership in EITI would also provide a certain international cachet to Chad and help ensure the country adheres to international transparency norms. END COMMENT.
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